

Message Text

LIMITED OFFICIAL USE

PAGE 01 GABORO 02839 01 OF 02 111927Z
ACTION AF-10

INFO OCT-01 ISO-00 COME-00 AID-05 CIAE-00 EB-08 FRB-03
INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03
SP-02 LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-05
CEA-01 EUR-12 DOTE-00 /091 W
-----082368 112325Z /75

R 110905Z NOV 77
FM AMEMBASSY GABORONE
TO SECSTATE WASHDC 1038
INFO AMCONSUL JOHANNESBURG
AMEMBASSY MBABANE
AMEMBASSY NAIROBI
AMEMBASSY PRETORIA

LIMITED OFFICIAL USE SECTION 1 OF 2 GABORONE 2839

NAIROBI FOR REDSO

DEPT PLS PASS USDOC CMM/OIM/AF -MAX MILES

E.O. 11652: N/A
TAGS: ELTN ETRD BC RH SA
SUBJ: GOB TAKEOVER OF RHODESIAN RAILWAY: SOME COMMERCIAL AND
ECONOMIC ASPECTS

1. BEGIN SUMMARY: THERE FOLLOWS POINTS ON RAILWAY DEVELOPMENTS
EMERGING WEEK OF NOV 7 FROM CONVERSATIONS BETWEEN EMBOFFS
AND GOB MINISTRY OFFICIALS AND FROM EMBOFF DEBRIEFING OF WALTER
PATTERSON, GM LOCOMOTIVE EXPORT REP WHO HAS INTERVIEWED
OFFICIALS BOTH IN GOB AND RHODESIAN RAILWAYS. MESSAGE DISCUSSES
INITIAL GOB CONSIDERATIONS OF PROCUREMENT, BIDDING, SPECIFI-
CATIONS AND SCALE, AS WELL AS VIEWS OF OFFICIALS ON ECONOMIC
VIABILITY OF A BOTSWANA NATIONAL RAILWAY AND THE ABILITY OF THE
BATSWANA TO MAINTAIN AND RUN SUCH AN ENTITY. A COMMENT
FOLLOWS. DEPARTMENT'S ACTION REQUESTED. END SUMMARY.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 GABORO 02839 01 OF 02 111927Z

2. PROCUREMENT: GOB OFFICIALS SAY THAT SETTING OF SPECIFI-
CATIONS FOR LOCOMOTIVES AND OTHER RAILROAD EQUIPMENT AWAITING
RESULTS OF STUDY BY UK CONSULTING FIRM OF TRANSMARK. AT THE
MOMENT, NO ONE IN GOB SEEMS TO KNOW, FOR EXAMPLE, WHAT HORE-
POWER WOULD BE DESIRABLE FOR LOCOMOTIVES. TRANSMARK TEAM
EXPECTED TO ARRIVE BOTSWANA DEC 1977 FOR FIRST-HAND LOOK.

TENDERS FOR LOCOMOTIVES WOULD LIKELY BE EXTENDED APPROXIMATELY ONE YEAR AFTER TRANSMARK VISIT, SOME TIME IN OCTOBER-DECEMBER 1978. TENDER PERIOD FOR RECEIVING BIDS WOULD BE BETWEEN SIXTY AND NINETY DAYS.

3. QUANTITIES OF LOCOMOTIVES: ESTIMATES RECEIVED FROM OFFICIALS OF INITIAL PROCUREMENT OF LOCOMOTIVES TO MEET CONTINGENCY OF RHODESIAN RAILWAY SHUTDOWN VARIED FROM NINE TO TWELVE. THESE UNITS WOULD BE USED FOR INTERNAL TRAFFICE IN BOTSWANA. EVENTUALLY, IN MUCH LONGER TIME FRAME, THE TOTAL NUMBER OF VEHICLES PURCHASED WOULD RISE TO BETWEEN THIRTY-FIVE AND FORTY (RHODESIAN RAILWAY OFFICIAL PUT THE NUMBER AT FORTY-EIGHT).

4. ROLLING STOCK: GOB HAS USED EDF FUNDS TO ORDER FIFTY COAL WAGONS FROM SOUTH AFRICAN MANUFACTURER DORMEN-LONG, TO BE BUILT TO RSA SPECIFICATIONS UNDER SUPERVISION OF SOUTH AFRICAN RAILWAY ENGINEERS. WAGONS ORDERED AT URGING OF BOTSWANA POWER CORPORATION TO CARRY COAL FROM MARUPULE COAL MINE TO COPPER-NICKEL PLANT AT SELEBI-PIKWE. IN ADDITION, GOB PLANNING PURCHASE OF USED CATTLE CARS FROM RHODESIAN RAILWAY. ACCORDING TO O.P. NAYAR, INDIAN RAILWAYS EXPATRIATE ADVISOR IN MINISTRY OF WORKS AND COMMUNICATIONS, BOTSWANA WILL REQUIRE BETWEEN 200-250 WAGONS FOR ITS INTERNAL TRAFFIC ALONE. IT WOULD BRING THAT TOTAL UP TO BETWEEN FOUR AND FIVE HUNDRED TO MAKE "ADDITIONAL RUNS TO THE NORTH". MOST OF THE FIVE HUNDRED CARS WOULD BE NONSPECIALIZED; BATSWANA WOULD CONTINUE, FOR EXAMPLE, LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 GABORO 02839 01 OF 02 111927Z

TO USE OIL TANKERS FROM SOUTH AFRICA.

5. SOURCES OF LOCOMOTIVE SUPPLY: NAYAR TOLD PATTERSON OF GM THAT HE BELIEVED GOB WOULD PREFER A U.S. LOCOMOTIVE PRODUCT INASMUCH AS BOTH GM AND GE LOCOMOTIVES COULD EASILY BE SERVICED IN SOUTH AFRICA. LATER, IN TOUR D'HORIZON WITH EMBOFF, PATTERSON SAID THAT WERE THE WORLD BANK OR OTHER DONOR COORDINATOR TO SET IMPARTIAL RULES FOR AWARDED OF CONTRACTS TO THE LOWEST BIDDER WHO WOULD MEET FIXED STANDARDS, U.S.- BUILT GM OR GE LOCOMOTIVES (TO INCLUDE THOSE ASSEMBLED IN THE RSA WITH AMERICAN PARTS) WOULD WIN. UK WAS LIKELY OUT INASMUCH AS IT HAD NO LOCOMOTIVES CURRENTLY IN PRODUCTION AND WOULD HAVE TO OPEN FACTORY TO PRODUCE THEM (WHICH WAS CONCEIVABLE). THE GERMAN PRODUCT (HENSCHEL) WAS TOO EXPENSIVE AND THE FRENCH TOO SOPHISTICATED WITH ENORMOUS MAINTENANCE AND REPAIR COSTS. A MORE LIKELY CONTENDER WOULD BE THE CANADIAN ENGINE FROM THE MLW WORKS IN MONTREAL. CANADIAN GOVERNMENT WAS OFFERING MLW ENGINES UNDER GIVE-AWAY FINANCING TERMS BECAUSE OF POLITICAL PRESSURES TO KEEP THE FAILING FRENCH CANADIAN COMPANY, WITH ITS POOR PRODUCT, ALOAT. MOREOVER, COMPETITION FROM U.S. COMPANIES IN CANADA WAS ELIMINATED BECAUSE CIDA WAS NOT ALLOWED TO FINANCE PURCHASE OF ANY ENGINE LESS THAN 60 PERCENT CANADIAN MADE. ACCORDING TO

PATTERSON, MLW LOCOMOTIVES ARE RUSTING AWAY IN TOGO, BANG-
LADESH AND NIGERIA. (COMMENT: PATTERSON'S COMMENT ACCORDS WITH
RUMOR THAT GOB DISENCHANTED WITH 23-VOLUME CANADIAN TRIMAC
RIALROAD STUDY COMPLETED EARLIER THIS YEAR. GOB OFFICIALS
SAW IT AS BARE-FACED ATTEMPT TO SELL CANADIAN LOCOMOTIVES.)

LIMITED OFFICIAL USE

NNN

LIMITED OFFICIAL USE

PAGE 01 GABORO 02839 02 OF 02 112303Z
ACTION AF-10

INFO OCT-01 ISO-00 COME-00 AID-05 CIAE-00 EB-08 FRB-03
INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03
SP-02 LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-05
CEA-01 EUR-12 DOTE-00 /091 W
-----087338 112324Z /75

R 110905Z NOV 77
FM AMEMBASSY GABORONE
TO SECSTATE WASHDC 1039
INFO AMCONSUL JOHANNESBURG
AMEMBASSY MBABANE
AMEMBASSY NAIROBI
AMEMBASSY PRETORIA

LIMITED OFFICIAL USE SECTION 2 OF 2 GABORONE 2839

NAIROBI FOR REDSO

DEPT PLS PASS USDOC CMM/OIM/AF-MAX MILES

6. ECONOMICS OF A BOTSWANA RAILWAY: R.M. CROLL, RHODESIAN
RAILWAYS LIAISON OFFICER, TOLD PATTERSON THAT ALTHOUGH BOTSWANA
COULD TAKE OVER THE RAILWAY AT ANY MOMENT ON POLITCAL GROUNDS,
THE RESULT WOULD BE ECONOMIC DISASTER. FIRST, BOTSWANA WORKERS
LACKED EXPERTISE TO RUN IT. SECOND, THE COMPUTER SYSTEM AND OTHER
ECONOMIZING DEVICES OWNED BY THE RHODESIANS WOULD BE WITHDRAWN
FROM BOTSWANA. THE ECONOMY OF BELONGING TO A LARGE ORGANIZATION
SUCH AS RHODESIAN RAILWAYS WOULD BE LOST. THIRD, RHODESIAN
RAILWAYS WAS OPERATING IN THE RED ANYWAY AND THE ONLY REVENUE-
EARNING PORTIONS OF THE ROAD WERE OUTSIDE OF BOTSWANA. THE
BOTSWANA RAILWAY WOULD GO BROKE HANDLING ONLY INTERNAL TRAFFIC.

7. BANK OF BOTSWANA ECONOMIST D. HUDSON TOLD EMBOFF SEPARATELY
THAT THOUGH OF GOB TAKING OVER THE RAILWAY WAS A "FRIGHTENING
PROSPECT" IN ECONOMIC TERMS. IN ADDITION TO LOSING ECONOMIES

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 GABORO 02839 02 OF 02 112303Z

OF SCALE, THE GOB WOULD BE REDUCED TO NEGOTIATING TERMS OF ASSISTANCE WITH SOUTH AFRICAN RAILWAY AUTHORITIES WHO HAVE BEEN BADLY FLEEING THE RHODESIANS FOR YEARS. WHO WOULD EXPECT BOTSWANA TO FARE ANY BETTER THAN RHODESIA? MOREOVER, BOTSWANA WOULD BE DESPERATELY DEPENDENT ON SOUTH AFRICAN WILLINGNESS TO USE BOTSWANA LOCOMOTIVES AND ROLLING STOCK FOR THE PROFITABLE RHODESIAN RUNS. IN ADDITION, THE RHODESIANS/ZIMBABWEANS WOULD MAKE BOTSWANA PAY A DEAR PRICE FOR TAKING OVER THE LINE. THEREFORE, TO HAVE ITS OWN RAILWAY, BOTSWANA WOULD BE PAYING OUT MUCH MORE THAN WHAT IT IS PAYING NOW. FINALLY, HUDSON CONSIDERED THAT A BOTSWANA TAKEOVER COULD NOT BE ACCOMPLISHED WITHOUT BRINGING IN THREE HUNDRED EXPATRIATES (MOSTLY INDIAN), THUS AGGREGATING THE WHOLE SENSITIVE QUESTION OF TOO MANY NON-CITIZENS (MOSTLY WHITE AND INDIAN) CONTROLLING THE COMMANDING HEIGHTS OF THE ECONOMY.

8. COMMENTS: ESTIMATES FROM GOB OFFICIALS OF APPROXIMATELY FORTY ENGINES AND FIVE HUNDRED CARS (SEE PARAS 3 AND 4) SUGGEST AHT BOTSWANA IS CONSIDERING A LOGICAL EXPANSION BEYOND CONTINGENCY MEASURE OF OPERATING AN UNPROFITABLE INTERNAL RUN AND WOULD PARTICIPATE IN LUCRATIVE REGIONAL RUNS INTO RHODESIA, SOUTH AFRICA, IF NOT INTO ZAMBIA AND MOZAMBIQUE. SUCH EXPANSION WOULD LIKELY BE AT SOME EXPENSE OF RHODESIANS/ZIMBABWEANS WHO MAY HAVE FUTURE TROUBLES IN FIELDING THEIR OWN RAILROAD EQUIPMENT, NOT ONLY BECAUSE OF DISRUPTION CAUSED BY TRANSITION TO MAJORITY RULE BUT BECAUSE MUCH OF IT, WE UNDERSTAND, IS BETWEEN 25-30 YEARS OLD AND WORN OUT.

9. CONCERNING ARGUMENTS IN PARAS 6 AND 7 THAT GOB TAKEOVER OF RAILROAD WOULD NOT BE AN ECONOMIC MOVE, BOTH OFFICIALS WHO MADE THE ARGUMENT CONCEDED THAT THEY WERE LEAVING OUT POLITICAL FACTORS, I.E. THAT IN THE VERY POSSIBLE EVENT THAT THE RHODESIAN RAILWAY WERE DISRUPTED BY CIVIL WAR OR TRANSITION TO LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 GABORO 02839 02 OF 02 112303Z

MAJORITY RULE, BOTSWANA WOULD HAVE NO EFFECTIVE WAY OF MOVING ITS ECONOMICALLY VITAL COAL, BEEF AND COPPER-NICKEL MATTE. THAT WOULD MEAN ECONOMIC AND EVEN POLITICAL COLLAPSE. WITHOUT ITS OWN RAILWAY SYSTEM, BOTSWANA WOULD BE FORCED INTO A TOTAL TRANSPORTATION DEPENDENCY UPON SOUTH AFRICA WITH ALL THE UNFORTUNATE POLITICAL AND ECONOMIC CONSEQUENCES THAT WOULD HAVE FOR BOTSWANA'S INDEPENDENCE.

10. COMMERCIAL: PRAGMATIC GOB AND RHODESIAN RAILWAY OFFICIALS

LEFT NEITHER EMBOFFS NOR PATTERSON OF GM IN ANY DOUBT THAT BOTSWANA WILL NOT HESITATE TO USE SOUTH AFRICA, AS NECESSARY, AS SOURCE OF PROCUREMENT AND AS BASE FOR MAINTENANCE OF LOCOMOTIVES. THIS, OF COURSE, BODES WELL FOR EITHER GM OR GE, BOTH OF WHICH HAVE LOCOMOTIVE COMPANIES IN SOUTH AFRICA. (INCIDENTALLY, WE UNDERSTAND FROM GE EXECUTIVE THAT GE LOCOMOTIVES FROM SOUTH AFRICA ARE CONSIDERED TO BE 60-70 PERCENT PRODUCED IN THE UNITED STATES.) ON OTHER HAND, PATTERSON OF GM CLAIMS THAT GIVEN COST OF SHIPPING COMPONENTS TO THE RSA FOR ASSEMBLY AND LOWER PRODUCTION COSTS IN USA, AMERICAN-BASED GM AND GE LOCOMOTIVES MIGHT BE ABLE TO UNDERBID THEIR SOUTH AFRICAN-BASED COMPETITORS.

11. PATTERSON CONSIDERED HIS GABORONE VISIT INDISPENSABLE FOR GETTING TO "KNOW THE TERRITORY". GM PLANS MORE VISITS FOR EARLY 1978. DIRECTOR OF S.A. GENERAL ELECTRIC, ROBERT S. HIGHT, VISITED GABORONE IN JUNE.

12. WITH KEY AMERICAN LOCOMOTIVE MANUFACTURERS IN PLACE AND READY TO MAKE SHORT DELIVERY TIMES, IT WOULD CERTAINLY BE IN OUR INTEREST IF BIDDING WERE TO TAKE PLACE AS SOON AS POSSIBLE, BEFORE FOREIGN COMPETITORS, E.G. THE BRITISH, HAD THE CHANCE TO GEAR UP. TIME-CONSUMING ASPECT OF TRANSMARK STUDY MAY BE DESIGNED BY UK CONSULTANTS JUST FOR THIS PURPOSE. END COMMENTS.

13. ACTION REQUESTED: (A) IN ORDER TO PROMOTE EARLY BIDDING DATE, EMBASSY CONSIDERES IT IMPORTANT THAT USG DO WHAT IT CAN LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 04 GABORO 02839 02 OF 02 112303Z

TO HASTEN WORLD BANK IN GETTING RAILROAD PROJECT UNDERWAY. (B) WOULD APPRECIATE DEPARTMENT'S VIEWS ON WHETHER GOB PROCUREMENT OF LOCOMOTIVES IS POSSIBLE WITH AID FUNDS, TO INCLUDE LOCOMOTIVES COMING FROM RSA WHICH WOULD BE 60-70 PERCENT AMERICAN MADE. NORLAND

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: RAILROADS, STATE ENTERPRISES
Control Number: n/a
Copy: SINGLE
Sent Date: 11-Nov-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977GABORO02839
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770418-0245
Format: TEL
From: GABORONE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19771171/aaaaciez.tel
Line Count: 263
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 75520c1d-c288-dd11-92da-001cc4696bcc
Office: ACTION AF
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 5
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 08-Feb-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 630007
Secure: OPEN
Status: NATIVE
Subject: GOB TAKEOVER OF RHODESIAN RAILWAY: SOME COMMERCIAL AND ECONOMIC ASPECTS
TAGS: ELTN, ETRD, BC, RH, SA, SF
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/75520c1d-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009